

[REDACTED]

[REDACTED]

OCT 24 1989

Employer Identification Number: [REDACTED]  
Form: 1120  
Tax Years: [REDACTED]

Dear Applicant:

This is a final adverse ruling as to your exempt status as an amateur sports organization under sections 501(c)(3) and 501(j) of the Internal Revenue Code, the sole basis under which you seek exempt status.

This ruling is made for the following reasons: You have failed to establish that you are operated exclusively to foster national or international amateur sports competition as required by section 501(c)(3) or that you meet the requirements of section 501(j) as a qualified amateur sports organization. Furthermore, you have failed to establish that your net earnings do not inure to the benefit of private individuals or that your operations do not serve private interests more than unsubstantially.

Contributions to you are not deductible under section 170 of the Code.

You are required to file federal income tax returns on the above form. Based on the financial information you furnished, it appears that returns should be filed for the tax years shown above. You should file these returns with your key District Director for exempt organization matters within 30 days from the date of this letter, unless a request for an extension of time is granted. Returns for later tax years should be filed with the appropriate service center as indicated in the instructions for those returns.

If you decide to contest this ruling under the declaratory judgment provisions of section 7428 of the Code, you must initiate a suit in the United States Tax Court, the United States Claims Court, or the District Court of the United States for the District of Columbia before the 91st day after the date that this ruling was mailed to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. Processing

[REDACTED]

of income tax returns and assessment of any taxes due will not be delayed because a declaratory judgment suit has been filed under section 7428.

In accordance with section 6104(c) of the Code, the appropriate State officials will be notified of this action.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown above.

Sincerely,

(Signed) [REDACTED]

[REDACTED]  
Director, Exempt Organizations  
Technical Division

cc: DD, Cincinnati, Ohio [REDACTED]  
Attn: EO Group [REDACTED]

cc: [REDACTED]

cc: [REDACTED]

[REDACTED]

10/23/89 10/25/89

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[REDACTED]

[REDACTED]

APR 20 1989

Employer Identification Number: [REDACTED]

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code.

You are an organization formed and controlled by the parents of students attending the [REDACTED] School. This School is a for-profit entity. You stated that you were formed to allow parents to support their children in athletic events and competitions by helping defray the cost of such participation. You pay for the students' entry fees, coach salaries, and team fees.

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for charitable or educational purposes or to foster national or international amateur sports competition.

Section 501(j)(1)(B) states that a qualified amateur sports organization shall not fail to meet the requirements of subsection (c)(3) merely because its membership is local or regional in nature.

Section 501(j)(2) defines an amateur sports organization as an organization organized and operated exclusively to foster national or international sports competition or to support and develop amateur athletes for national or international competition in such sports.

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations provides that an organization is not organized or operated exclusively for any exempt purpose set forth in section 501(c)(3) of the Code unless it serves a public rather than a private interest.

Rev. Rul. 69-175, 1969-1 C.B. 149 states that an organization formed and controlled by parents of pupils attending a private school, that provides services to its members' children serves a private rather than a public interest and thus does not qualify for exemption under section 501(c)(3) of the Code.

When a group of individuals associate to provide services to their children they are serving a private rather than a public interest. By financing sports competition for children attending [REDACTED], compensating their coaches, and paying for their team fees you are serving the private interest of the owners of the school and the childrens' parents rather than public interests.

Accordingly, since you are serving a private rather than a public interest, you do not qualify for exemption under section 501(c)(3) of the Code, and you are required to file federal income tax returns.

Contributions to you are not deductible under section 170 of the Code.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted in duplicate within 30 days from the office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director in Cincinnati, Ohio. Thereafter, any questions about your federal income tax status should be addressed to that office. The appropriate State officials will be notified of this action in accordance with Code section 6104(c).

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

[REDACTED]

When sending additional letters with respect to this case to the Internal Revenue Service, you will expedite their receipt by placing the following symbols on the envelop: [REDACTED] [REDACTED]. These symbols do not refer to your case but rather to its location.

Sincerely yours,

Signed) [REDACTED]

Chief, Exempt Organizations  
Rulings Branch 2

cc: DD, Cincinnati, Ohio  
Attn: EO Group

cc: [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

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